

SENATE BILL 812

C4

2lr2441
CF HB 1097

By: **Senator Astle**

Introduced and read first time: February 3, 2012

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 16, 2012

CHAPTER _____

1 AN ACT concerning

2 **Insurance – Suspected Fraud – ~~Reporting Requirement~~ Liability for**
3 **Reporting or for Furnishing or Receiving Information**

4 FOR the purpose of altering the list of persons ~~that are required to report suspected~~
5 ~~insurance fraud to certain persons and entities in a certain manner under~~
6 ~~certain circumstances; authorizing the withholding of certain information~~
7 ~~provided by certain persons to whom a person may report suspected insurance~~
8 ~~fraud and not be subject to civil liability; providing that a person is not subject~~
9 ~~to civil liability for furnishing or receiving information relating to suspected,~~
10 ~~anticipated, or completed fraudulent insurance acts under certain~~
11 ~~circumstances; ~~making stylistic changes;~~ and generally relating to required~~
12 reporting of suspected insurance fraud.

13 BY repealing and reenacting, with amendments,

14 Article – Insurance

15 Section 27–802

16 Annotated Code of Maryland

17 (2011 Replacement Volume)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article – Insurance**

21 27–802.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (a) ~~THIS SECTION APPLIES TO:~~

2 (1) ~~{An} authorized {insurer, its} INSURERS AND THEIR~~
3 ~~employees{,};~~

4 ~~(2) fund producers{,} AND insurance producers{, a};~~

5 ~~(3) viatical settlement {provider, or a} PROVIDERS;~~

6 ~~(4) viatical settlement {broker who in good faith has cause to believe~~
7 ~~that insurance fraud has been or is being committed shall report the suspected~~
8 ~~insurance fraud in writing to the Commissioner, the Fraud Division, or the~~
9 ~~appropriate federal, State, or local law enforcement authorities.} BROKERS;~~

10 ~~{(2)} (5) {An} independent insurance {producer shall meet the~~
11 ~~reporting requirement of this subsection by reporting the suspected insurance fraud in~~
12 ~~writing to the Fraud Division.} PRODUCERS;~~

13 ~~{(3)} (6) {A} registered premium finance {company shall meet the~~
14 ~~requirement of this subsection by reporting suspected insurance fraud in writing to~~
15 ~~the Fraud Division.} COMPANIES AND THEIR EMPLOYEES;~~

16 ~~(7) THE NATIONAL ASSOCIATION OF INSURANCE~~
17 ~~COMMISSIONERS AND ITS EMPLOYEES;~~

18 ~~(8) ORGANIZATIONS ESTABLISHED TO DETECT AND PREVENT~~
19 ~~FRAUDULENT INSURANCE ACTS AND THE AGENTS, EMPLOYEES, AND DESIGNEES~~
20 ~~OF THE ORGANIZATIONS; AND~~

21 ~~(9) PROVIDERS OF A RECOGNIZED COMPREHENSIVE DATABASE~~
22 ~~SYSTEM APPROVED BY THE COMMISSIONER TO MONITOR ACTIVITIES~~
23 ~~INVOLVING INSURANCE FRAUD AND THE EMPLOYEES OF THE PROVIDERS.~~

24 ~~(B) IF A PERSON SUBJECT TO THIS SECTION HAS CAUSE TO BELIEVE IN~~
25 ~~GOOD FAITH THAT INSURANCE FRAUD HAS BEEN OR IS BEING COMMITTED, THE~~
26 ~~PERSON SHALL REPORT THE SUSPECTED INSURANCE FRAUD IN WRITING TO~~
27 ~~THE COMMISSIONER, THE FRAUD DIVISION, OR THE APPROPRIATE FEDERAL,~~
28 ~~STATE, OR LOCAL LAW ENFORCEMENT AUTHORITY.~~

29 ~~{(b)} (C)~~ In addition to any protection provided under § 10-618 of the State
30 Government Article, any information, documentation, or other evidence provided
31 under this section ~~{~~by an insurer, its employees, fund producers, or insurance
32 producers, a viatical settlement provider, a viatical settlement broker, an independent
33 insurance producer, or a registered premium finance company~~}~~ to the Commissioner,

1 the Fraud Division, or a federal, State, or local law enforcement authority in
2 connection with an investigation of suspected insurance fraud is not subject to public
3 inspection for as long as the Commissioner, Fraud Division, or law enforcement
4 authority considers the withholding to be necessary to complete an investigation of the
5 suspected fraud or to protect the person investigated from unwarranted injury.

6 ~~[(c)] (D)~~ A person is not subject to civil liability for a cause of action by
7 virtue of reporting suspected insurance fraud, OR FURNISHING OR RECEIVING
8 INFORMATION RELATING TO SUSPECTED, ANTICIPATED, OR COMPLETED
9 FRAUDULENT INSURANCE ACTS, if:

10 (1) the report was made OR THE INFORMATION WAS FURNISHED to
11 OR RECEIVED FROM:

12 (I) the Commissioner, Fraud Division, or an appropriate
13 federal, State, or local law enforcement authority;

14 (II) THE NATIONAL ASSOCIATION OF INSURANCE
15 COMMISSIONERS OR ITS AGENT, EMPLOYEE, OR DESIGNEE;

16 (III) A NOT-FOR-PROFIT ORGANIZATION ESTABLISHED TO
17 DETECT AND PREVENT FRAUDULENT INSURANCE ACTS OR ITS AGENT,
18 EMPLOYEE, OR DESIGNEE;

19 (IV) A PERSON THAT CONTRACTS TO PROVIDE SPECIAL
20 INVESTIGATIVE UNIT SERVICES TO AN INSURER; OR

21 (V) A PROVIDER OF A RECOGNIZED COMPREHENSIVE
22 DATABASE SYSTEM THAT THE COMMISSIONER APPROVES TO MONITOR
23 ACTIVITIES INVOLVING INSURANCE FRAUD OR AN EMPLOYEE OF THE
24 PROVIDER; and

25 (2) the person that reported the suspected insurance fraud, OR
26 FURNISHED OR RECEIVED THE INFORMATION, acted in good faith when making
27 the report OR FURNISHING OR RECEIVING THE INFORMATION.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 October 1, 2012.